

# WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

**WEDNESDAY APRIL 19, 2023  
WIFA Board Meeting 9:00 AM**

**Arizona Department of Environmental Quality  
1110 W. Washington Street, Suite 3175  
Phoenix, AZ 85007  
(Public access will be permitted starting at 8:45 AM)**

**Public Zoom Meeting:  
Board Members please join using the Panelist Invitation Link**

**Join on your computer or mobile.**  
<https://azcommerce.zoom.us/j/99203970665>  
Meeting ID: 992 0397 0665

**Or call in (audio only)**  
Call in Number: (253) 215-8782  
Phone Conference ID: 992 0397 0665

## **FINAL AGENDA**

### **Call Meeting to Order**

1. David Beckham WIFA Board Chairman, will call the WIFA Board Meeting to order with a call for quorum.
2. Recordings of the WIFA Board public meeting held on March 17, 2023, are available here <https://www.azwifa.gov/news/public-meetings> As such, written meeting minutes will not be provided and Board approval is not necessary for the public portion of the past Board meeting.
3. Adopt Recorded Minutes for Executive Sessions #1 and #2 from the March 17, 2023 Board Meeting.

### **Update, Discussion or Presentation**

4. **Presentation:** Arizona Municipal Water Users Association (AMWUA) will provide a twenty-minute (20) informational presentation on the Overview of AWMUA and its Members Role in Providing Water to the Valley
5. **Presentation:** Arizona Department of Environmental Quality (ADEQ) will provide an overview of ADEQ's process and relationship with WIFA
6. **Report:** Director's Report
7. **Discussion:** Board Input for a draft WIFA Strategic Framework – *Chuck Podolak will lead the discussion*

#### *WIFA's Mission*

*To ensure the sustainability of Arizona's present and future water supply through financial investments in effective augmentation, conservation, reuse, and water quality actions.*

#### *WIFA's Vision*

*Wisely guide the use of WIFA resources to foster economic prosperity and quality of life for all of Arizona*

8. **LTWAF – Discussion:** Board input for the development of a Long-Term Water Augmentation Fund policy – *Chuck Podolak will lead the discussion*
9. **Review, Discuss & Possible Action:** Appropriation to WIFA in House Bill 2862, Section 96 (55<sup>th</sup> Legislature, 2<sup>nd</sup> Regular Session), WIFA procedural options, and Board input for the development of a grant program – *Chuck Podolak will lead the discussion*

*The Board may enter Executive Session, which will not be open to the public, for discussion pursuant to A.R.S. § 38-431.03(A)(3).*

### Consent Agenda

None

### New Agenda Items for Consideration and Action

None

### Call to the Public

10. **Call to the Public:** This is the time for the public to comment. Members of the Board may not discuss items that are not specifically identified on the agenda. Pursuant to A.R.S. § 38-431.01(H), action taken as a result of public comment will be limited to directing staff to study the matter, responding to any criticism or scheduling the matter for further consideration and decision at a later date. Members of the public wishing to address the board must fill out and submit a request on the provided form that is available at sign in for the meeting. Comments will be limited to three minutes.

### Meeting Conclusion & Adjournment of Public Meeting

11. **New Business/Issues:**
  - Next WIFA Board Meeting Date: Wednesday May 17, 2023, in Phoenix, Arizona, starting at 9:00 am. – *David Beckham, WIFA’s Board Chairman, will lead the discussion*

12. **Adjournment**

### Notes on Proceedings

The Board reserves the right to change the order of items on the agenda. The Board may vote to go into executive session, which will not be open to the public, for any item listed on the agenda, for the following purposes: obtaining legal advice pursuant to A.R.S. § 38-431.03(A)(3), or any other purpose as authorized under A.R.S. § 38-431.03. The executive session is not open to the public and all legal action will take place in a meeting that is open to the public.

**All matters on the agenda may be discussed, considered and are subject to action by the Board. The Board reserves the right to table any item on the agenda.**

WIFA is committed to complying with the Americans with Disabilities Act. Persons with a disability may request reasonable accommodation, such as a sign language interpreter, by contacting WIFA at (602) 364-1310. Requests should be made as early as possible to allow time to arrange the accommodation.

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The agenda for the meeting is subject to change up to 24 hours before the meeting. Background material provided to the Board that is not otherwise exempt by law from public inspection is available for inspection upon request. At its discretion, the Authority may consider and act upon any agenda item out of order. One or more Board members may participate via teleconference.

*WIFA's Mission*

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*WIFA's Vision*

*Wisely guide the use of WIFA resources to foster economic prosperity and quality of life for all of Arizona*

## Tab 1

**AGENDA ITEM:**

David Beckham WIFA Board Chairman, will call the WIFA Board Meeting to order with a call for quorum

**ACTION REQUIRED:**

Roll call for Quorum

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**STAFF COMMENTS**

None

**AGENDA ITEM:**

Recordings of the WIFA Board public meeting held on March 17, 2023, are available here <https://www.azwifa.gov/news/public-meetings> As such, written meeting minutes will not be provided and Board approval is not necessary for the public portion of the past Board meeting.

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**STAFF COMMENTS**

None

### Tab 3

**AGENDA ITEM:**

Adopt Recorded Minutes for Executive Sessions #1 and #2 from the March 17, 2023, Board Meeting.

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**STAFF COMMENTS**

None

**AGENDA ITEM:**

Arizona Municipal Water Users Association (AMWUA) will provide a twenty-minute (20) informational presentation on the Overview of AWMUA and its Members Role in Providing Water to the Valley

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Chuck Podolak

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None

**AGENDA ITEM:**

Arizona Department of Environmental Quality will provide an overview of ADEQ's process and relationship with WIFA.

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Chuck Podolak

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None

**AGENDA ITEM:**

Director's Report

**ACTION REQUIRED:**

Informational Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Chuck Podolak

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None

**AGENDA ITEM:**

Board Input for a draft WIFA Strategic Framework – *Chuck Podolak will lead the discussion*

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Chuck Podolak

**ATTACHMENTS:**

- ARS 49-1205 Water Infrastructure Finance Authority Board
- Example: Arizona Department of Environmental Quality Strategic Plan
- Example: Arizona Department of Water Resources Strategic Plan
- Example: Arizona Department of State Land Strategic Plan

**STAFF COMMENTS:**

None

49-1205. Water infrastructure finance authority board; legislative intent

A. The legislature finds that:

1. Now and into the foreseeable future that regions in this state lack access to the necessary water supplies to meet their current and long-term water needs.

2. Protecting current and future residents, the economy and the environment of this state is best achieved through a comprehensive water strategy that conserves water, improves the efficiency and reuse of existing water resources and augments existing water resources with new renewable supplies of water.

B. The authority is established for the benefit of current and future residents, the economy and the environment of this state.

C. The authority shall accomplish its purposes of helping to meet existing and future water needs of this state by developing or facilitating water conservation, reuse and augmentation projects.

D. The authority may accomplish its purpose individually, through collaboration or by partnering with public or private entities. If possible, the authority may leverage existing resources and infrastructure while not interfering with already available usable water resources.

**Vision:** To be the number one state in the nation in: Balanced, leading-edge environmental protection through technical and operational excellence and radical simplicity for customers and staff.

**Mission:** To protect and enhance public health and the environment of Arizona.

**Agency Description:** The Arizona Legislature established the Arizona Department of Environmental Quality (ADEQ) as the state’s environmental regulatory agency under the Environmental Quality Act of 1986 to serve as a separate, cabinet-level agency to administer all of Arizona’s environmental protection programs. Since then, ADEQ’s enduring and vital mission is to protect and enhance public health and the environment of Arizona.

**Executive Summary:** ADEQ has identified five strategic issues for focus during this fiscal year to deliver tangible outcomes that benefit public health and the environment.

1. Too many drinking water systems and surface waters are not meeting federal standards and other drinking water systems are threatened by Per- and Polyfluoroalkyl Substances (PFAS).

2. Arizona passed a new Surface Water Protection Program and now must implement it.

3. Some systems of support are missing for sustaining a long term hybrid work environment.

4. Arizona stakeholders want ADEQ to assume primacy over the federal Underground Injection Control (UIC) and Coal Combustion Residuals (CCR) Programs.

5. Addressing Sunset Audit Findings will require additional funding.

6. The multi-decade drought has created stakeholder demand to strengthen opportunities and guidance associated with recycled water.

7. IJA presents a once in a generation opportunity to improve the Arizona’s infrastructure and environment.

\* Tactics for strategy have been reformulated

Summary of Multi-Year Strategic Priorities			
#	Five Year Strategy	Start FY	Progress / Successes
1	Address Known, Ongoing, Unauthorized Impacts (KOUI) to human health and the environment.	2018	<ul style="list-style-type: none"><li>Mitigated 327 Known, Ongoing, Unauthorized Impacts since FY18.</li><li>Total mitigated includes 163 drinking water systems serving 636,882 people.</li><li>Completed 6 projects to mitigate surface water contamination.</li></ul>
2	Implement the Surface Water Protection (SWP) Program.	2022	<ul style="list-style-type: none"><li>FY21 HB2691 (ADEQ: Water Quality Program) signed into law by the Governor.</li><li>2022 Rule Making continues to move forward. Program implementation current at 75% complete.</li></ul>
3	Improving staff support systems for a hybrid workplace.	2023	<ul style="list-style-type: none"><li>New strategy for FY23.</li></ul>
4	Assume primacy of UIC and CCR Federal Programs.	2020 *	<ul style="list-style-type: none"><li>UIC primacy program enacted in FY18 by SB1494 (Environment; Underground Injection Control [UIC] Program). Program in 2022 is 85% complete</li><li>CCR Program enacted in FY22 by HB2411 (Coal Combustion Residuals Program). Program in 2022 is 33% complete.</li></ul>
5	Address audit findings and secure sustainable program funding.	2021	<ul style="list-style-type: none"><li>ADEQ continued for 8 more years.</li><li>Completed screening of Agency fee structures.</li><li>Addressed all audit findings not linked to funding in FY22.</li></ul>
6	Catalyze water recycling in Arizona (Breakthrough)	2023	<ul style="list-style-type: none"><li>2018 - Eliminated prohibition on Direct Potable Reuse (DPR).</li><li>2022 - Legislature funded rule-writing for DPR.</li></ul>
7	Leverage IJA for a Healthy Environment	2022	<ul style="list-style-type: none"><li>Helped the Oil &amp; Gas Commission apply for \$25M for orphaned well remediation and restoration.</li><li>Applied for \$650K to facilitate pollution prevention, \$1.1M grant to accelerate characterization and cleanup of Brownfields sites, \$127K for Clean Water Act Section 604(b) Planning.</li></ul>

Department of Environmental Quality				Next FY Focus
Fiscal Year 2023 Strategic Plan 2-pager Final				
Strat	FY23 Annual Objectives	Objective Metrics	Annual Initiatives	
1a	Mitigate more Known, Ongoing Unauthorized Impacts.	<ul style="list-style-type: none"> <li>Cumulative number of KOUIs mitigated. (goal: 382)</li> </ul>	<ul style="list-style-type: none"> <li>Facilitate IJIA applications from eligible entities to Water Infrastructure Finance Authority (WIFA) for PFAS remediation, lead service line inventories, and other IJIA/State Revolving Fund (SRF) Grants (Baseline + IJIA Grant/EPA SRF)</li> </ul>	
1b	Identify PFAS related on going unauthorized impacts.	<ul style="list-style-type: none"> <li>Net number of KOUIs (Net number is likely to increase based on sampling initiative).</li> </ul>	<ul style="list-style-type: none"> <li>Sample over 1,000 public drinking water systems not covered under EPA monitoring rules. (WIFA/IJIA Grant)</li> <li>Take-back and replace program for PFAS-containing Aqueous Film Forming Foam (AFFF). (\$396K ERF)</li> </ul>	
2	Codify the State Surface Waters Protection Program.	<ul style="list-style-type: none"> <li>Percent complete of fully implementing SWP program. (goal: 100% complete)</li> </ul>	<ul style="list-style-type: none"> <li>Complete the proposed rule package and publish for public comment (Baseline).</li> </ul>	
3	Stand up systems of support for a safe and engaged work force.	<ul style="list-style-type: none"> <li>Total Attrition (goal: 67)</li> </ul>	<ul style="list-style-type: none"> <li>Implement 10% increase in agency staff salaries (\$2.5M Appropriated Funds).</li> <li>Create and implement a Belonging &amp; Remote Employee Retention plan. (Baseline)</li> <li>Standardize agency-wide field safety planning and implementation. (Baseline)</li> </ul>	
4a	Assume Federal Underground Injection Control Program	<ul style="list-style-type: none"> <li>Percent complete of primacy for the UIC program. (goal: 100% complete)</li> </ul>	<ul style="list-style-type: none"> <li>Submit UIC primacy packages to EPA for approval. (\$6.4M WQFF)</li> <li>Negotiate approval with EPA (\$6.4M WQFF)</li> </ul>	
4b	Assume Federal Coal Combustion Residuals Program.	<ul style="list-style-type: none"> <li>Percent complete of primacy for the CCR program (goal: 60% complete)</li> </ul>	<ul style="list-style-type: none"> <li>Complete rule-making for program implementation and submit primacy package (\$1.1M SWFF)</li> <li>Negotiate approval with EPA. (\$1.1M SWFF)</li> </ul>	
5	Address auditor general recommendations from 2021 sunset and water quality audits and continue securing sustainable program funding.	<ul style="list-style-type: none"> <li># of Water Quality Performance Audit and Agency Sunset Audit (2021) recommendations addressed (goal: Total 28 complete)</li> </ul>	<ul style="list-style-type: none"> <li>Complete analysis of all fees with 5 year projections with OSPB review. (Baseline)</li> <li>Conduct stakeholder engagement and complete rules for Hazardous Waste and Water Quality Fee Fund (WQFF) fees (\$6.4M WQFF).</li> <li>Develop solid waste rules to protect from PFAS (\$1.1M SWFF).</li> <li>Establish aquifer water quality standards for 5 of 8 pollutants (\$6.4M WQFF).</li> <li>Modernize the Impaired Waters Identification Rule to focus Total Maximum Daily Load (TMDL) effort (\$6.4M WQFF).</li> </ul>	
6	Develop Direct Potable Reuse (DPR) program (a.k.a. recycled water) (Breakthrough)	<ul style="list-style-type: none"> <li>Percent complete of fully implementing the DPR Program (goal: 40% complete)</li> </ul>	<ul style="list-style-type: none"> <li>Work with communications team to establish messaging for DPR (\$1.5M GF).</li> <li>Conduct large stakeholder engagement process including technical teams and policy teams (\$1.5M GF).</li> </ul>	
7	Leverage IJIA Funding to inventory orphaned oil & gas wells	<ul style="list-style-type: none"> <li>No. of Oil &amp; Gas wells Inventoried (goal: 98 wells)</li> </ul>	<ul style="list-style-type: none"> <li>Secure and manage IJIA Funding. (\$25M Grant)</li> <li>Establish program in coordination with Oil &amp; Gas Commission. (\$25M Grant)</li> <li>Initial assessment and inventory of abandoned wells. (\$25M Grant)</li> </ul>	

### ADWR's Vision: Reliable Water Supplies to meet the Needs of Current and Future Arizonans

**Mission:** To safeguard the health, safety and economic welfare of the public by protecting, conserving and enhancing Arizona's water supplies in a bold, thoughtful and innovative manner.

**Agency Description:** ADWR administers the State's water laws through the compilation and analysis of water supply data, coordination of research to augment water supplies for future demand, and development of policies that promote conservation and water availability.

ADWR defends the integrity of the state water supply by overseeing surface water, groundwater, and Colorado River water supplies. As the technical experts for the state, ADWR represents and supports the adjudications proceedings and negotiates with national and international partners.

ADWR protects Arizona against the loss of life and property through the implementation of the dam safety, flood warning, and floodplain management programs.

#### Executive Summary:

ADWR has identified seven priorities to accomplish our mission:

**Protect the Colorado River System** by implementing the 500+ Plan and by continuing the Arizona Reconsultation Process .

**Support General Streams Adjudication** by performing a data quality check in the Verde River Watershed and starting modernization of SOC database.

**Protect the Life and Property of Arizonans** by assessing the statewide Arizona Flood Warning System for redundancies and resilience.

**Improve the Accessibility and Accuracy of Arizona's Water Data by** launching an Application Modernization initiative and by implementing best practices in records management that make data available online.

**Advance Water Planning Priorities** by adopting 5<sup>th</sup> Management Plans in all Active Management Areas (AMAs) and by utilizing new resources to obtain additional storage credits and reduce AAWS backlogs.

**Recruit, Retain, and Develop Highly Skilled Personnel** by improving manager and supervisor training.

**Support Ongoing Drought Mitigation Measures** by launching an initiative to complete annual water supply and demand assessments as specified by SB1740 (Laws 2022, Chapter 366).

### Summary of Multi-Year Strategic Priorities

#	Five Year Strategy	Start Year	Progress / Successes (FY 2022)
1	Protect the Colorado River System	2017	Entered into agreement with federal and state governments for the "500+ Plan." Executed System Conservation agreements to implement "500+ Plan" for approximately 265,000 acre-feet.
2	Support General Streams Adjudication	2017	Completed 96% of court assignments before deadline. Collaborated with the Courts to create an expenditure plan for the new General Adjudication Personnel and Support (GAPS) Fund.
3	Protect the Life and Property of Arizonans	2017	Black Canyon and Jacques Dam proceeded with an assessment of their high hazard potential dams. Audited floodplain management programs of 15 communities. Completed Agua Fria study. Streamlined well capping program and capped over 200 unsafe open wells.
4	Improve the Accessibility and Accuracy of Arizona's Water Data	2018	Completed Phase 1 activities of the Data Quality Program with 11 business units and began Phase 2 activities. Established Depth to Water dashboard and Groundwater Level Changes dashboard. Selected a vendor for ADWR's Application Modernization project.
5	Advance Water Planning Priorities	2019	Published initial drafts of 5 <sup>th</sup> Management Plans (MPs) for all AMAs. Adopted Tucson AMA 5 <sup>th</sup> MP and conducted hearings for Prescott and Pinal AMA 5 <sup>th</sup> MPs.
6	Recruit, Retain, and Develop Highly Skilled Personnel	2018	Released an updated telework policy. Implemented an agency-wide salary adjustment in concert with an update of ADWR's job classifications. Obtained agency-owned equipment for employee use while teleworking.
7	Support ongoing Drought Mitigation Measures	2021	Drought Mitigation Board was created during the 2021 Legislative Session. During the 2022 Legislative Session, the Board functions were subsumed into the Water Infrastructure and Finance Authority (WIFA).

<div> <div>Arizona Department of Water Resources</div> <div>Fiscal Year 2023 Strategic Plan 2-pager</div> </div>				Current Annual Focus
#+	FY23 Annual Objectives	Objective Metrics	FY 2023 Annual Initiatives	
1	Reduce the risk of Lake Mead falling to critical levels	% probability of arriving at a critically low Lake Mead elevation of 1,020 feet or lower	1)	Execute System Conservation agreements to carry out the “500+ Plan.”
2	Improve the accuracy and accessibility of data used to complete assignments for the Adjudications Court	% of assignments from the Adjudications Court completed by the deadline	2)	Negotiate a Basin State alternative for post-2026 Colorado River operations.
3	Transition to a proactive compliance model	# of proactive inspections conducted	1)	Verify accuracy of database for 22,500 claims in the Verde River Watershed.
3	Mitigate flood risk across Arizona	-Response time to requests for flood assistance	2)	Develop a written plan and standard work for proactive compliance.
4	Increase the department’s menu of online services	# of licensing and other customer-facing processes developed and staged for release	2)	Develop audit schedule for the Active Management Areas (AMAs).
4	Improve accuracy and accessibility of operational and reporting data	-% of the agency that has implemented an approved records management plan	1)	Assess Flood Warning Network for redundancies and resilience.
5	Adopt 100% of 5 <sup>th</sup> Management Plans (MPs) for all 5 AMAs	% of 5 <sup>th</sup> Management Plans Adopted	1)	Cleanse and prepare data to migrate licensing processes online.
5	Purchase credits with \$1.2M in withdrawal fees authorized by FY23 budget	# of acre feet of credits purchased by the Water Bank using withdrawal fee monies	2)	Launch Application Modernization project.
5	Reduce backlog of AAWS applications while maintaining consumer protections afforded by the program	# of AAWS applications currently backlogged	1)	Analyze records management status and implement best practices for digital and hard copy records. (Breakthrough)
6	Increase supplemental training of staff in management and supervisory skills	Monthly % of supervisors with current-year training beyond required ADOA management training	2)	Plan and conduct statutorily required public hearings in each AMA.
7	Initiate a program to complete annual water supply and demand assessments for groundwater basins	% of targets completed to launch a water supply and demand assessment program	2)	Issue “Order of Adoption” and conservation notices for each AMA.
			1)	Research the entities selling water and # of credits available for purchase in May/June 2023.
			1)	Fill positions authorized by FY 2023 Budget, define training plan and document standard work for Hydrogeologist positions.
			1)	Create and promote an inventory of supplemental training resources that enhance management and supervisory skills.
			1)	Develop a plan, hire staff, and initiate a program to perform supply and demand assessments for groundwater basins.



## **FY 2022 Strategic Plan & Annual Objectives**

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*July 15, 2021*

# State Land Department

## Fiscal Year 2022 Strategic Plan

Agency Director:  
Strategic Planner:  
Last modified:

Lisa A. Atkins  
Sean Burke  
7/15/2021

**Vision:** A professionally managed department, proactively engaged in its mission in pursuit of a better Arizona.

**Mission:** To responsibly manage the assets of a multi-generational perpetual trust in alignment with the interests of the beneficiaries and Arizona's future.

**Agency Description:** The Arizona State Land Department (ASLD) manages more than 9 million acres of State Trust land and resources on behalf of 13 Beneficiaries. To ensure the Trust is a viable and productive asset for beneficiaries today and for generations to come, ASLD exercises sound stewardship principles. As a fiduciary, ASLD generates revenue for the beneficiaries through the sale and leasing of State Trust land.

**Executive Summary:** The strategy of the State Land Department is to transition from a reactive organization passively navigating its obligations, to a proactive organization that directs its efforts into key priorities designed to produce optimal outcomes for the beneficiaries and the State.

Our strategic priorities are focused on the following :

- **Cultivating a Culture of Continuous Improvement and Learning through AMS and Employee Development**
- **Making 100% of the Department's Services Available On-Line**
- **Improving the Marketability of the Trust Portfolio Through Proactive Planning**
- **Promoting Strategic Partnerships and Relationships to Jointly and Economically Manage State Trust Lands**
- **Maximizing the Use of Non-General Fund Sources to Minimize the Impact of Market Cycles on Operations**

### Summary of 5 Year Strategic Priorities

#	M-Y Strategy	Start	Progress & Major Successes
1	Culture of Continuous Improvement and Learning	2017	<ul style="list-style-type: none"> <li>• AMS implementation score at 3.6</li> <li>• Increased overall Employee Engagement to 82%</li> <li>• Analyzed all application and billing processes, improved primary bottlenecks &amp; reduced rework</li> <li>• Concluded all bankruptcy claims and lawsuits related to leasehold interests in Desert Ridge</li> </ul>
2	Make 100% of Services Available On-line	2017	<ul style="list-style-type: none"> <li>• Increased % Services On-line from 10% to 100%</li> <li>• Closed the on-premise datacenter reducing capex costs and increasing overall system reliability.</li> <li>• Established Self-Service capabilities through Customer Application and Public Inquiry Portals through a Cloud-based portal - Salesforce</li> </ul>
3	Improve Marketability of Trust Portfolio	2017	<ul style="list-style-type: none"> <li>• Implemented Zoning Banks to accelerate land entitlement in Scottsdale, Tucson and Queen Creek</li> <li>• Proactively brought 16 land parcels to auction, where the Department was the applicant</li> <li>• Received favorable determination from US ACOE on the Clean Water Act Sect. 404 for Desert Ridge</li> <li>• On track to achieve more than \$600 million in land sales in FY 2021; the highest year on record</li> </ul>
4	Strategic External Partnerships	2017	<ul style="list-style-type: none"> <li>• Established MOUs and ISAs with DFFM, AG&amp;F &amp; ASP&amp;T to better to manage non-urban lands</li> <li>• Established recurring meeting cadence with various stakeholders, cities &amp; municipalities</li> <li>• Partnered with AGIC to release a modernized AZGeo portal, used by state agencies &amp; local govts</li> </ul>
5	Maximize Non-General Fund Sources	2020	<ul style="list-style-type: none"> <li>• Established 7 external grants since FY 2019</li> <li>• Improved utilization on Due Diligence Fund</li> <li>• Established the "Rawhide Wash Flood Control Improvement Fund" with the City of Phoenix</li> </ul>

#	FY22 Annual Objectives	Metrics	Annual Initiatives
1	Improve inter/intra agency collaboration by relocating Department to 1110 W Washington	% of milestones met	Hire design consultant; hold planning workshops; complete test/fit feasibility; move to new location
2	Improve efficiency by centralizing agency-wide document scanning, retrieving and storage process	% of milestones met	Eliminate filing backlogs; inventory all sections' files; design new workflows; implement at new location
3	Improve sustainability by developing plan to transition all land title & lease records to Salesforce	% of milestones met; Plan approval	Develop plan to migrate processes; identify internal support team; develop phased cut-over plan
4	Improve efficiency by transitioning all billing processes from paper to a Salesforce workflow	No. of processes in Salesforce	Categorize and map all billing processes; define standards; develop and integrate; test and release
5	Partner with AZ Commerce Authority (ACA) to bring strategic State Trust Land (STL) parcels to market	No. of auctions held for ACA parcels	Finalize strategic parcel list; create budget projects; complete projects; schedule auctions
6	Enhance the value of STL by proactively planning and zoning Azara Parkway in Paradise Ridge	% of milestones met	Obtain agreement from City of Phx. on traffic studies; complete public hearing; revise General Plan & maps
7	Improve the management of non-urban lands by implementing the MOUs with AGFD and DFFM	No. of acres treated; No. of patrols done	Jointly schedule acre treatments & trespass patrols on STL. Execute treatments & patrols per schedules
8	Enhance the value of STL by creating a database of Natural Resources (NR) and identifying future uses	No. of wells inspected No. mineral sites visited	Establish mineral site visit schedule; develop GPS well inspection process and criteria; create database
9	Maximize non-general fund uses by improving the utilization of the Due Diligence Fund (DDF)	Total spent in DDF; Total recouped in DDF	Complete planned DD projects; hold auctions; optimize DD spend and recovery work-flows
10	Maximize non-general fund uses by utilizing the Drought Mitigation Revolving Fund (DMRF)	No. of DMRF grants applied for	Develop list of potential projects; partner with ADWR to prioritize projects, apply for grants

**AGENDA ITEM:**

Board input for the development of a Long-Term Water Augmentation Fund policy – *Chuck Podolak will lead the discussion*

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Chuck Podolak

**ATTACHMENTS:**

- Long-Term Water Augmentation Fund Arizona Revised Statute

**STAFF COMMENTS:**

None

## Long-Term Water Augmentation Fund Arizona Revised Statute

### **Statutory Reference**

#### **49-1211. Project delivery methods**

The authority may provide for the development or operation of water-related facilities using a variety of project delivery methods and forms of agreement. The methods may include:

1. Predevelopment agreements leading to other implementing agreements.
2. A design-build agreement.
3. A design-build-maintain agreement.
4. A design-build-finance-operate agreement.
5. A design-build-operate-maintain agreement.
6. A design-build-finance-operate-maintain agreement.
7. A concession agreement providing for the private partner to design, build, operate, maintain, manage or lease a water-related facility.
8. Any other project delivery method or agreement or combination of methods or agreements that the authority determines are reasonable or necessary to carry out the authority's purposes.

**49-1212. Procurement for water-related facilities; insurance; evaluations; deviations**

A. The authority may procure services for the development, design, acquisition, construction, improvement or equipping of water-related facilities using any of the following:

1. Requests for project proposals in which the authority describes a class of water-related facilities or a geographic area in which entities are invited to submit proposals to develop water-related facilities.
2. Solicitations using requests for qualifications, short-listing of qualified proposers, requests for proposals, negotiations, best and final offers or other procurement procedures.
3. Procurements seeking development and finance plans that are most suitable for the project.
4. Best value selection procurements based on price or financial proposals, or both, and any other relevant factors.
5. Other procedures that the authority determines may further the implementation of this chapter.

B. For any procurement in which the authority issues a request for qualifications, request for proposals or similar solicitation document, the request shall set forth generally the factors that will be evaluated and the manner in which responses will be evaluated. If contractor insurance is required for services procured pursuant to this section, the insurance shall be placed with an insurer authorized to transact insurance in this state pursuant to title 20, chapter 2, article 1 or a surplus lines insurer approved and identified by the director of the department of insurance and financial institutions pursuant to title 20, chapter 2, article 5.

C. In evaluating proposals under this section, the authority shall consider the criteria prescribed pursuant to section 49-1304.

D. The authority may deviate from any requirements in this section to the extent necessary to make use of any available federal funding for the design, development, acquisition, construction, improvement or equipping of water-related facilities.

49-1303. **Long-term water augmentation fund; purposes; limitation**

A. Monies and other assets in the long-term water augmentation fund may be used for the following purposes:

1. Funding water supply development projects that import water from outside the boundaries of this state. At least seventy-five percent of the monies in the fiscal years 2022-2023, 2023-2024 and 2024-2025 appropriations to the fund shall be reserved for one or more projects with this purpose, and those monies shall be accounted for separately.
2. Purchasing imported water or rights to imported water.
3. Acquiring or constructing water-related facilities in this state to convey or deliver imported water within the state.
4. Conducting investigations, including performing environmental or other reviews.
5. Contracting for water needs assessments.
6. Providing financial assistance to eligible entities for the purposes of financing or refinancing water supply development projects within this state, including projects for conservation through reducing existing water use or more efficient uses of existing water supplies.
7. Guaranteeing debt obligations of eligible entities that are issued or incurred to finance or refinance water supply development projects within this state or providing credit enhancements in connection with these debt obligations.
8. Paying the costs to administer the fund.
9. Funding not more than ten full-time equivalent positions of the authority.

B. In providing financial assistance from the fund, the authority shall comply with section 49-1304.

C. Monies in the fund may not be used to purchase conservation or other similar easements on real property.

D. If the monies pledged to secure long-term water augmentation bonds issued pursuant to section 49-1309 become insufficient to pay the principal and interest on the long-term water augmentation bonds guaranteed by the fund, the authority shall direct the state treasurer to liquidate securities in the fund as may be necessary and shall apply those proceeds to make

current all payments then due on the long-term water augmentation bonds. The state treasurer shall immediately notify the attorney general and auditor general of the insufficiency. The auditor general shall audit the circumstances surrounding the depletion of the fund and report the findings to the attorney general. The attorney general shall conduct an investigation and report those findings to the governor and the legislature.

E. The authority shall take necessary actions to obtain full repayment for monies or financial assistance provided from the fund by the recipients of the funding or financial assistance or the recipients of any water supply development project made available from monies from the fund through water subcontracts, loan repayments, rates, fees, charges or otherwise, as appropriate. This subsection does not apply to monies spent by the authority for investigations and studies or monies spent in connection with loan guarantees or credit enhancement.

49-1304. **Evaluation criteria for projects from the long-term water augmentation fund**

A. The authority shall determine the order and priority of water supply development projects proposed to be funded in whole or in part with monies from the long-term water augmentation fund, participation in projects to import water or allocation of imported water based on the following, as applicable:

1. The benefits of the project to current and future residents of this state, including the ability of the project to improve access to water supplies for use within this state and promote economic growth, in relation to the projected cost of the project.
2. The ability of the project to provide multiple water supply development benefits.
3. The projected costs of the project.
4. The ability of the project to address or mitigate water supply reductions to existing water users, considering the existence, feasibility and long-term reliability of mitigation measures available to the applicant or proposed beneficiaries, including the availability of water supplies from the Arizona water banking authority.
5. The cost-effectiveness of the project.
6. The reliability and long-term security of the water supply to be developed through the project.

7. Existing and planned conservation, best management practices and water management programs of the applicant or potential applicant.
8. The degree to which the project will maximize or leverage multiple available funding sources, including federal funding.
9. The applicant's ability to meet any applicable environmental requirements imposed by any federal or state agency.
10. The qualifications, industry experience, including experience with similar projects, general reputation and financial capacity of the applicant or any private partner, based on appropriate due diligence.
11. The feasibility of the project, including the feasibility of the proposed design and operation of the project.
12. Comments from water users, local citizens and affected jurisdictions.
13. For projects involving the construction or operation of water-related facilities, the safety record of any private partner.
14. Existing, near-term and long-term water demands compared to the volume and reliability of existing water supplies of the beneficiaries of the funding or project. In evaluating this criterion, the authority shall consider information contained in any applicable water supply and demand assessment that has been issued by the director of water resources pursuant to section 45-105, subsection B, paragraph 14, in addition to any other information submitted to evaluate this criterion.
15. Potential impacts to ratepayers.
16. The ability of the applicant and any public or private partner to fully repay all financial obligations to the authority.
17. For agreements entered into pursuant to section 49-1203.01, subsection C, paragraph 5, the impact of any such agreement on the ability of the authority to comply with the requirements of section 49-1303, subsection E.
18. Other criteria that the authority deems appropriate.

B. The board shall conduct background checks, financial checks and other reviews deemed appropriate for individual applicants, applicants' boards of directors and other partners of the applicants.

49-1305. **Opportunity for participation by Colorado River water users**

For any water supply development project to import water that is proposed to be funded by the authority, the authority shall provide written notice of the proposed project to all entities in this state with an entitlement to water from the Colorado River, including water delivered through the central Arizona project. An entity that receives a notice prescribed by this section shall submit to the authority within thirty days after the date of the notice a statement of the entity's interest in participating in the project.

49-1308. **Long-term water augmentation financial assistance; procedures**

A. In compliance with any applicable requirements, an eligible entity may apply to the authority for and accept and incur indebtedness as a result of financial assistance from the long-term water augmentation fund for water supply development projects.

B. The authority shall:

1. Prescribe a simplified form and procedure to apply for and approve financial assistance.
2. Establish by rule criteria by which financial assistance will be awarded, including:
  - (a) For any financial assistance:
    - (i) A determination of the applicant's financial ability to construct, operate and maintain the project if it receives the assistance.
    - (ii) A determination of the applicant's ability to manage the project.
    - (iii) A determination of the applicant's ability to meet any applicable environmental requirements imposed by federal or state agencies.
    - (iv) A determination of the applicant's ability to acquire any necessary regulatory permits.
    - (v) Requirements for local participation in project costs, if deemed advisable by the authority.

(b) If the applicant is applying for a loan:

(i) A determination of the ability of the applicant to repay a loan according to the terms and conditions established by this chapter. At the option of the authority, the existence of a current investment grade rating on existing debt of the applicant that is secured by the same revenues to be pledged to secure repayment under the loan repayment agreement constitutes evidence regarding ability to repay a loan.

(ii) A determination of the applicant's legal capability to enter into a loan repayment agreement.

3. Determine the order and priority of projects assisted under this article based on the merits of the application with respect to water supply development criteria set forth in section 49-1304.

C. The authority shall review on its merits each application received and shall inform the applicant of the authority's determination. If the application is not approved, the authority shall notify the applicant, stating the reasons. If the application is approved, the authority may condition the approval on assurances the authority deems necessary to ensure that the financial assistance will be used according to law and the terms of the application.

**AGENDA ITEM:**

Appropriation to WIFA in House Bill 2862, Section 96 (55th Legislature, 2nd Regular Session), WIFA procedural options, and Board input for the development of a Grant Program – *Chuck Podolak will lead the discussion*

**ACTION REQUIRED:**

Review, Discuss & Possible Action

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Chuck Podolak

**RECOMMENDED DISCUSSION TIME:**

15 Minutes

**ATTACHMENTS:**

- HB 2862

**STAFF COMMENTS:**

None

House Engrossed

general appropriations act; 2022-2023

State of Arizona  
House of Representatives  
Fifty-fifth Legislature  
Second Regular Session  
2022

**CHAPTER 313**  
**HOUSE BILL 2862**

AN ACT

AMENDING LAWS 2021, CHAPTER 408, SECTION 117; APPROPRIATING MONIES.

(TEXT OF BILL BEGINS ON NEXT PAGE)

**Pages 1-85 of HB 2862 Removed**

The amount appropriated for veterans' support services line item shall be distributed to a nonprofit veterans' services organization that provides support services among this state's military and veteran population. The department may spend up to \$76,500 of this appropriation to hire a program specialist to liaise between the department and the selected nonprofit organization. Before the expenditure of the monies, the department shall submit an expenditure report to the joint legislative budget committee that includes the status of non-state matching grant monies.

Monies appropriated for the veterans' trauma treatment services line item shall be used to provide grants to contractors as defined in section 36-2901, Arizona Revised Statutes, that provide trauma treatment services training to any of the following health professionals licensed pursuant to title 32, Arizona Revised Statutes:

1. Physicians.
2. Registered nurse practitioners.
3. Physician assistants.
4. Psychologists.

5. Behavioral health professionals who are either licensed for individual practice or supervised by a psychologist, registered nurse practitioner or behavioral health professional licensed pursuant to title 32, Arizona Revised Statutes, for independent practice.

Sec. 95. ARIZONA STATE VETERINARY MEDICAL EXAMINING BOARD

2022-23

FTE positions 7.0

Lump sum appropriation \$ 714,600

Fund sources:

Veterinary medical examining  
board fund \$ 714,600

Sec. 96. WATER INFRASTRUCTURE FINANCE AUTHORITY OF ARIZONA

2022-23

Eastern Arizona water projects  
assistance grants 10,000,000\*

Total appropriation – water infrastructure  
finance authority of Arizona \$ 10,000,000

Fund sources:

State general fund \$ 10,000,000

Of the amount appropriated to the eastern Arizona water projects assistance grants line item, \$6,000,000 is allocated to provide financial assistance to cities and towns that provide water in Navajo and Apache counties to contract for services of outside advisors, attorneys, consultants and aides that are reasonably necessary or desirable to enable the cities and towns to adequately perform their duties. The water infrastructure finance authority of Arizona shall develop a separate grant

1 program to distribute these monies to qualified entities on or before June  
2 30, 2023.

3 Of the amount appropriated to the eastern Arizona water projects  
4 assistance grants line item, \$4,000,000 is allocated to provide financial  
5 assistance to irrigation districts in Cochise and Graham counties to  
6 contract for services of outside advisors, attorneys, consultants and  
7 aides that are reasonably necessary or desirable to enable the irrigation  
8 districts to adequately perform their duties. Each county shall receive a  
9 \$2,000,000 allocation. The water infrastructure finance authority of  
10 Arizona shall develop a separate grant program to distribute these monies  
11 to qualified entities on or before June 30, 2023.

12 Sec. 97. DEPARTMENT OF WATER RESOURCES

13		<u>2022-23</u>
14	FTE positions	149.0
15	Operating lump sum appropriation	\$ 13,840,600
16	Adjudication support	1,757,300
17	Arizona water protection fund	
18	deposit	1,250,000
19	Assured and adequate water supply	
20	administration	2,323,600
21	Rural water studies	1,169,300
22	Conservation and drought program	414,600
23	Automated groundwater monitoring	410,400
24	Colorado River legal expenses	500,000*
25	New River flood insurance study	<u>350,000</u>
26	Total appropriation - department of water	
27	resources	\$ 22,015,800
28	Fund sources:	
29	State general fund	\$ 20,052,300
30	Water resources fund	1,695,400
31	Assured and adequate water	
32	supply administration fund	268,100

33 Monies in the assured and adequate water supply administration line  
34 item may be used only for the exclusive purposes prescribed in sections  
35 45-108, 45-576, 45-577, 45-578 and 45-579, Arizona Revised Statutes. The  
36 department of water resources may not transfer any monies into or out of  
37 the assured and adequate water supply administration line item.

38 The legislature intends that monies in the rural water studies line  
39 item be spent only to assess local water use needs and to develop plans  
40 for sustainable future water supplies in rural areas outside this state's  
41 active management areas and not be made available for other department  
42 operating expenditures.

43 Monies in the adjudication support line item may be used only for  
44 the exclusive purposes prescribed in section 45-256, Arizona Revised  
45 Statutes, and section 45-257, subsection B, paragraph 4, Arizona Revised

**Pages 88-110 of HB 2862 Removed**

1 F. Based on the information provided by the executive branch, the  
2 staff of the joint legislative budget committee shall report to the joint  
3 legislative budget committee on or before October 15, 2022 whether the  
4 fiscal year 2022-2023 revenues and ending balance are expected to change  
5 by more than \$50,000,000 from the budgeted projections. The joint  
6 legislative budget committee staff may make technical adjustments to the  
7 revenue and expenditure estimates in this section to reflect other bills  
8 enacted into law. The executive branch may also provide its own estimates  
9 to the joint legislative budget committee on or before October 15, 2022.

10 Sec. 137. Definition

11 For the purposes of this act, "\*" means this appropriation is a  
12 continuing appropriation and is exempt from the provisions of section  
13 35-190, Arizona Revised Statutes, relating to lapsing of appropriations.

14 Sec. 138. Definition

15 For the purposes of this act, "expenditure authority" means that the  
16 fund sources are continuously appropriated monies that are included in the  
17 individual line items of appropriations.

18 Sec. 139. Definition

19 For the purposes of this act, "review by the joint legislative  
20 budget committee" means a review by a vote of a majority of a quorum of  
21 the members of the joint legislative budget committee.

**AGENDA ITEM:**

Call to the Public

**ACTION REQUIRED:**

None

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None

**AGENDA ITEM:**

New Business/Issues:

- Next WIFA Board Meeting Date – Wednesday, May 17, 2023, in Phoenix, AZ, starting at 9:00 am – *David Beckham, WIFA's Board Chairman will lead the discussion*

**ACTION REQUIRED:**

Information Item

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

Yolanda Mendoza

**ATTACHMENTS:**

None

**AGENDA ITEM:**

Adjournment

**ACTION REQUIRED:**

Adjournment of Meeting

**PREVIOUS ACTION:**

None

**STAFF CONTACT:**

None

**ATTACHMENTS:**

None

**STAFF COMMENTS:**

None